

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7455**

**BILL NUMBER:** SB 294

**DATE PREPARED:** Apr 7, 1999

**BILL AMENDED:** Apr 6, 1999

**SUBJECT:** Education.

**FISCAL ANALYST:** Kristin Breen; Mark Goodpaster

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**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) (1) This bill authorizes an Indiana nonprofit corporation that is organized and operated solely to support a state assisted college or university to conduct a game of chance outside the county in which the nonprofit corporation has its principal office.

(2) It establishes a community college program.

(3) It requires a person that holds a permit under the horse racing statute to file an annual report with the Horse Racing Commission (HRC) disclosing the names of each person that is considered to have an interest in the permit holder under the statute that prohibits political contributions by persons who have an interest in a permit holder. It requires a person that holds a license under the riverboat gaming statute to file an annual report with the Indiana Gaming Commission (IGC) disclosing the names of each person that is considered to have an interest in the licensee under the statute that prohibits political contributions by persons who have an interest in a licensee. It requires the HRC and the IGC to compile the reports received from permit holders and licensees at certain times and send an electronic copy of the compiled report to the Election Division.

(4) It provides that a permit holder or a licensee who knowingly or intentionally fails to file a report, files an incomplete report, files a report containing a false statement, or fails to file updated information as required commits a Class D felony. It requires the appropriate Commission to revoke the permit of a permit holder or the license of a licensee if the Commission finds by a preponderance of the evidence that the permit holder or the licensee has knowingly or intentionally failed to file a report, filed an incomplete report, filed a report containing a false statement, or fails to provide updated information as required.

(5) It requires the Election Division to merge the compiled reports and make the merged report available for public inspection through an on-line service. It provides that all reports, compiled reports, and merged reports are public records. It provides that a candidate or a political committee may accept a campaign contribution from a person who has an interest in a permit holder under the horse racing statute or a licensee under the

riverboat gaming statute if the person's name does not appear on the merged report or, if the person's name appears on the merged report, the contribution is received after the expiration of the period during which the person is prohibited from making a contribution.

(6) It requires the HRC or the IGC to impose a civil penalty of not more than \$50,000 for each violation on a person with certain gaming interests who has violated the prohibition on gaming interests making political contributions. It provides that a person who has certain gaming interests may not make certain political contributions, directly or indirectly. It provides that persons who have certain gaming interests may not make contributions to political action committees.

**Effective Date:** (Amended) Upon passage; July 1, 1999.

**Explanation of State Expenditures:** (Revised) (2) This bill establishes a community college program by coordinating the programs offered by Vincennes University and Ivy Tech State College. Each institution will remain independent. Under this program, Ivy Tech State College would offer primarily the vocational and technical education component of the community college program curriculum, while Vincennes would offer general education, academic transfer programs, and the developmental and remedial component of the community college program curriculum. Both systems shall offer the business and industry training component of the community college program on a nonduplicative basis that is consistent with the courses of study offered by each institution.

The Budget Committee shall designate ten sites across the state where a community college program shall be offered during the next three calendar years. These sites include: Indianapolis, Muncie, Lafayette, Anderson, Marion, Valparaiso, Logansport, Madison, Warsaw, and Lawrenceburg.

During calendar year 2000, three sites may be approved. One site must be in Indianapolis, while two sites may be from any of these seven cities: Anderson, Marion, Valparaiso, Logansport, Madison, Warsaw, or Lawrenceburg. During calendar year 2001, three sites may be approved, including one in Muncie and two other sites from the seven cities that were not selected in the first year. During calendar year 2002, four sites would be established including Lafayette and the three remaining cities that were not included in the two previous years.

Adding new programs would likely increase enrollment for either Vincennes University, Ivy Tech or both. The full impact of this enrollment increase would not be known for several years. Program sites are currently not anticipated to require additional capital costs, but may require additional faculty and support staff as enrollments grow.

The cost of each student attending is offset by a combination of tuition paid by the student, financial assistance provided by state programs, and actual state expenditures based on enrollment. Consequently, the additional programs that would be offered would likely require enrollment change funding for operations of Ivy Tech and Vincennes and additional requests for state financial assistance from programs that are administered by the State Student Assistance Commission.

(3) It requires a person that holds a horse track permit or a riverboat license to file an annual report with the Horse Racing Commission (HRC) or the Indiana Gaming Commission (IGC) disclosing the names of each person that is considered to have an interest in the permit holder or license. It also requires the HRC and the IGC to compile the reports and send an electronic copy to the Election Division. Any increase in expenditures related to this provision is expected to be minimal and could be absorbed within the HRC's and

the IGC's current budget.

(4) It provides that a permit holder or a licensee who knowingly or intentionally fails to file a report, files an incomplete report, files a report containing a false statement, or fails to file updated information as required commits a Class D felony. A Class D felony is punishable by a prison term ranging from 6 months to 3 years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$20,500 in FY 97. Individual facility expenditures range from \$11,000 to \$27,000. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually or \$5 daily per prisoner. The average length of stay in DOC facilities for all Class D felony offenders is approximately seven months.

(5) It requires the Election Division to merge the compiled reports and make the merged report available for public inspection through an on-line service. The Election Division already has an on-line service, so this will not have a fiscal impact. It also requires the Election Division, the HRC, and the IGC to provide paper copies of the report to the public. Since the paper copies would be subject to copying charges, these entities could recover any copying costs.

**Explanation of State Revenues:** (Revised) (1) This bill allows a qualified organization that is an Indiana nonprofit corporation organized and operated solely for the benefit of a state educational institution to conduct an allowable charity gaming event outside the county where the principal office is located. Under current statute, a qualified organization may only conduct an event outside the county where the principal office is located if the organization or its affiliate is having a convention or other annual meeting of its membership in the county in which the event is conducted. This may increase the number of events that are conducted, which may increase charity gaming license revenue, charity gaming excise tax revenue, and sales tax revenue.

For the first year, the license fee is \$25 per event and for subsequent years, it is based on total gross revenue from the events in the previous year. In FY 98, approximately \$3.9 million was collected in license revenue. Revenue is deposited in the Charity Gaming Enforcement Fund. Revenue remaining after the costs of administration are subtracted is deposited in the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund.

The excise tax is 10% of the wholesale price of pull tabs, punchboards, and tip boards. In FY 98, approximately \$1.2 million was collected from the excise tax. Revenue is deposited in the Charity Gaming Enforcement Fund and LGSA. Sales tax revenue is deposited in the state General Fund, the Property Tax Replacement Fund, and two dedicated funds.

(4) If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund could increase. The maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

(6) It requires the HRC and the IGC to impose a civil penalty of not more than \$50,000 for each violation on a person with certain gaming interests who has violated the prohibition on gaming interests making political contributions. Civil penalty revenue is deposited in the state General Fund.

**Explanation of Local Expenditures:** (Revised) (4) If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

**Explanation of Local Revenues:** (Revised) (4) If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (a) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (b) A \$3 fee would be assessed, and if collected, would be deposited into the county law enforcement continuing education fund. (c) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** Horse Racing Commission; Indiana Gaming Commission; Election Division; Vincennes University; Ivy Tech State College; General Assembly; Department of Correction.

**Local Agencies Affected:** Political subdivisions; Anderson; Indianapolis; Lafayette; Lawrenceburg; Logansport; Madison; Marion; Muncie; Valparaiso; Warsaw; Trial courts; Local law enforcement agencies.

**Information Sources:** Mike Baumgartner, State Budget Agency, 232-5623; Indiana Sheriffs Association; Department of Correction.